

ESHB 1635 - S AMD 633  
By Senator Kastama

ADOPTED 04/21/2005

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that ambulance and  
4 emergency medical services are essential services and the availability  
5 of these services is vital to preserving and promoting the health,  
6 safety, and welfare of people in local communities throughout the  
7 state. All persons, businesses, and industries benefit from the  
8 availability of ambulance and emergency medical services, and survival  
9 rates can be increased when these services are available, adequately  
10 funded, and appropriately regulated. It is the legislature's intent to  
11 explicitly recognize local jurisdictions' ability and authority to  
12 collect utility service charges to fund ambulance and emergency medical  
13 service systems that are based, at least in some part, upon a charge  
14 for the availability of these services.

15 **Sec. 2.** RCW 35.21.766 and 2004 c 129 s 34 are each amended to read  
16 as follows:

17 (1) Whenever a regional fire protection service authority (~~(or the~~  
18 ~~legislative authority of any city or town)~~) determines that the fire  
19 protection jurisdictions that are members of the authority (~~(or the~~  
20 ~~city or town or a substantial portion of the city or town is)~~) are not  
21 adequately served by existing private ambulance service, the governing  
22 board of the authority may by resolution(~~(, or the legislative~~  
23 ~~authority of the city or town may by appropriate legislation,)~~) provide  
24 for the establishment of a system of ambulance service to be operated  
25 by the authority as a public utility (~~(of the city or town, or)~~)  
26 operated by contract after a call for bids.

27 (2) The legislative authority of any city or town may establish an  
28 ambulance service to be operated as a public utility. However, the  
29 legislative authority of the city or town shall not provide for the

1 establishment of an ambulance service utility that would compete with  
2 any existing private ambulance service, unless the legislative  
3 authority of the city or town determines that the city or town, or a  
4 substantial portion of the city or town, is not adequately served by an  
5 existing private ambulance service. In determining the adequacy of an  
6 existing private ambulance service, the legislative authority of the  
7 city or town shall take into consideration objective generally accepted  
8 medical standards and reasonable levels of service which shall be  
9 published by the city or town legislative authority. The decision of  
10 the city council or legislative body shall be a discretionary,  
11 legislative act. When it is preliminarily concluded that the private  
12 ambulance service is inadequate, before issuing a call for bids or  
13 before the city or town establishes an ambulance service utility, the  
14 legislative authority of the city or town shall allow a minimum of  
15 sixty days for the private ambulance service to meet the generally  
16 accepted medical standards and reasonable levels of service. In the  
17 event of a second preliminary conclusion of inadequacy within a twenty-  
18 four month period, the legislative authority of the city or town may  
19 immediately issue a call for bids or establish an ambulance service  
20 utility and is not required to afford the private ambulance service  
21 another sixty-day period to meet the generally accepted medical  
22 standards and reasonable levels of service. Nothing in this act is  
23 intended to supersede requirements and standards adopted by the  
24 department of health. A private ambulance service which is not  
25 licensed by the department of health or whose license is denied,  
26 suspended, or revoked shall not be entitled to a sixty-day period  
27 within which to demonstrate adequacy and the legislative authority may  
28 immediately issue a call for bids or establish an ambulance service  
29 utility.

30 (3) The city or town legislative authority is authorized to set and  
31 collect rates and charges in an amount sufficient to regulate, operate,  
32 and maintain an ambulance utility. Prior to setting such rates and  
33 charges, the legislative authority must determine, through a cost-of-  
34 service study, the total cost necessary to regulate, operate, and  
35 maintain the ambulance utility. Total costs shall not include capital  
36 cost for the construction, major renovation, or major repair of the  
37 physical plant. Once the legislative authority determines the total  
38 costs, the legislative authority shall then identify that portion of

1 the total costs that are attributable to the availability of the  
2 ambulance service and that portion of the total costs that are  
3 attributable to the demand placed on the ambulance utility.

4 (a) Availability costs are those costs attributable to the basic  
5 infrastructure needed to respond to a single call for service within  
6 the utility's response criteria. Availability costs may include costs  
7 for dispatch, labor, training of personnel, equipment, patient care  
8 supplies, and maintenance of equipment.

9 (b) Demand costs are those costs that are attributable to the  
10 burden placed on the ambulance service by individual calls for  
11 ambulance service. Demand costs shall include costs related to  
12 frequency of calls, distances from hospitals, and other factors  
13 identified in the cost-of-service study conducted to assess burdens  
14 imposed on the ambulance utility.

15 (4) A city or town legislative authority is authorized to set and  
16 collect rates and charges as follows:

17 (a) The rate attributable to costs for availability described under  
18 subsection (3)(a) of this section shall be uniformly applied across  
19 user classifications within the utility;

20 (b) The rate attributable to costs for demand described under  
21 subsection (3)(b) of this section shall be established and billed to  
22 each utility user classification based on each user classification's  
23 burden on the utility;

24 (c) The fee charged by the utility shall reflect a combination of  
25 the availability cost and the demand cost;

26 (d)(i) Except as provided in (d)(ii) of this subsection, the  
27 combined rates charged shall reflect an exemption for persons who are  
28 medicaid eligible and who reside in a nursing facility, boarding home,  
29 adult family home, or receive in-home services. The combined rates  
30 charged may reflect an exemption or reduction for designated classes  
31 consistent with Article VIII, section 7 of the state Constitution. The  
32 amounts of exemption or reduction shall be a general expense of the  
33 utility, and designated as an availability cost, to be spread uniformly  
34 across the utility user classifications.

35 (ii) For cities with a population less than two thousand five  
36 hundred that established an ambulance utility before May 6, 2004, the  
37 combined rates charged may reflect an exemption or reduction for

1 persons who are medicaid eligible, and for designated classes  
2 consistent with Article VIII, section 7 of the state Constitution;

3 (e) The legislative authority must continue to allocate at least  
4 seventy percent of the total amount of general fund revenues expended,  
5 as of May 5, 2004, toward the total costs necessary to regulate,  
6 operate, and maintain the ambulance service utility. However, cities  
7 or towns that operated an ambulance service before May 6, 2004, and  
8 commingled general fund dollars and ambulance service dollars, may  
9 reasonably estimate that portion of general fund dollars that were, as  
10 of May 5, 2004, applied toward the operation of the ambulance service,  
11 and at least seventy percent of such estimated amount must then  
12 continue to be applied toward the total cost necessary to regulate,  
13 operate, and maintain the ambulance utility. Cities and towns which  
14 first established an ambulance service utility after May 6, 2004, must  
15 allocate, from the general fund or emergency medical service levy  
16 funds, or a combination of both, at least an amount equal to seventy  
17 percent of the total costs necessary to regulate, operate, and maintain  
18 the ambulance service utility as of May 5, 2004, or the date that the  
19 utility is established;

20 (f) The legislative authority must allocate available emergency  
21 medical service levy funds, in an amount proportionate to the  
22 percentage of the ambulance service costs to the total combined  
23 operating costs for emergency medical services and ambulance services,  
24 towards the total costs necessary to regulate, operate, and maintain  
25 the ambulance utility;

26 (g) The legislative authority must allocate all revenues received  
27 through direct billing to the individual user of the ambulance service  
28 to the demand-related costs under subsection (3)(b) of this section;

29 (h) The total revenue generated by the rates and charges shall not  
30 exceed the total costs necessary to regulate, operate, and maintain an  
31 ambulance utility; and

32 (i) Revenues generated by the rates and charges must be deposited  
33 in a separate fund or funds and be used only for the purpose of paying  
34 for the cost of regulating, maintaining, and operating the ambulance  
35 utility.

36 (5) Ambulance service rates charged pursuant to this section do not  
37 constitute taxes or charges under RCW 82.02.050 through 82.02.090, or  
38 RCW 35.21.768, or charges otherwise prohibited by law.

1        NEW SECTION.    **Sec. 3.**    The joint legislative audit and review  
2        committee shall study and review ambulance utilities established and  
3        operated by cities under this act.    The committee shall examine, but  
4        not be limited to, the following factors:    The number and operational  
5        status of utilities established under this act; whether the utility  
6        rate structures and user classifications used by cities were  
7        established in accordance with generally accepted utility rate-making  
8        practices; and rates charged by the utility to the user  
9        classifications.    The committee shall provide a final report on this  
10       review by December 2007."

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11        On page 1, line 1 of the title, after "funding;" strike the  
12        remainder of the title and insert "amending RCW 35.21.766; and creating  
13        new sections."

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